

MARKETS--FINANCIAL.

BUSINESS IS EXTREMELY GOOD

Indications Point to This State Through Fall and Winter.

SOUTHERN STATES PROGRESS

Interest Centers Chiefly in the Outlook of the Cotton Crop.

MEMPHIS, Aug. 19.—Business throughout the Southern States is exceptionally good in every line for the summer, and indications point to a continuance of this state of affairs during the fall and winter. If the present crop outlook is maintained, there is nothing to fear regarding the continuance of the prosperity which has prevailed during the past several years. In that period, the Southern States have made greater progress toward financial independence than during any similar period since the Civil War.

Interest centers chiefly in the outlook for the cotton crop, the staple product of the Southern States. And if the operations of bankers, merchants, professionals, professional men, and even planters themselves may be taken as the criterion, the indications are for the largest production in the history of the South, with the exception of 1901-02, when the yield surpassed any previous record by more than 2,000,000 bales. There is much of the critical period still ahead, but as financial arrangements and business transactions are being made on the basis of current prospects, the latter must be taken as the recognized standard.

Breaks Records.

The Mississippi Valley, which last year proved decidedly short as to cotton yield, now promises something in the record-breaking line. Reports from practically every portion suggest the best crop known, and complaint of rust, shedding, insect damage, and other causes of trouble are fewer than were ever heard at this time of year. The Western half of the belt, of which Texas is the bigger part, also sends encouraging reports, not only regarding condition, but also with reference to acreage, which shows a material gain over last year. There are hundreds or thousands of acres of new land which have been opened and seeded to cotton in that State this season.

Alabama crop conditions are favorable, and the only complaints are those from Georgia and the Carolinas, where there has been too much rain. But, even granting that, the State should show a decrease in yield of considerable proportions, there is enough increase indicated in other directions to more than offset this loss, and to bring production to abnormally large figures.

Not only is large production indicated, but there is also strong probability that there will be an unusually good demand for it. The past two crops added to the world's supplies 24,000,000 to 25,000,000 bales; by September 1st, this year, practically all of this will have passed either into the hands of the mills, and thence into consumption, with the exception of a few hundred thousand bales. Trade conditions in cotton goods are favorable, and even those who admit that they are not so floriferous as they have been during the past two years concede that a crop of 18,000,000 bales or more could be used—an amount which has never been exceeded but once in the history of cotton production in the United States.

Very Important.

To the planter, this consideration is most important; it is a reasonable guarantee that he need not be apprehensive for such a market as that of 1904, when following the then "record crop" of 18,000,000 bales ranged at New York between \$5.50 cents as a minimum and \$7.50 as a maximum. For one thing, it is important to note that large quantities of cotton are being sold to spinners at home and abroad at current prices to protect them on sales of goods they have made for forward delivery during the next few months.

That, at least, shows little expectation of very low prices. It costs a great deal more to grow cotton than it did a few years ago, because everything entering into the cost of production is so much higher than then; but there is a good profit in growing cotton at ten cents per pound, especially when the yield promises to be so abundant as this season.

Aside from the crop outlook, there is additional evidence of continued prosperity in the conditions obtaining in industrial circles throughout the Southern States. Some iron furnaces have been built for repairs, but where they are in condition for operation, they are being worked to their full capacity. And they are accumulating nothing of consequence on the yards for the reason that their entire output is being sold, either for immediate delivery or is being shipped out on contracts entered into some time ago involving delayed shipment. This is the story in virtually all industries of this section.

Are Prospering.

All this would necessarily mean that Southern railroads are prospering. The big cotton crop, together with the raw material and finished product to be handled for the industrial enterprises, as well as the output of the mines now operating in the South, means an enormous volume of traffic for the fall and winter, and it is therefore small matter.

LYNCHBURG,
\$2 Round Trip
ROANOKE,
\$3 Round Trip
—VIA—
Norfolk & Western Ry.

August 24th.

Round trip tickets at above low rates will be sold for special train leaving Richmond 11:30 p.m., Friday, August 24th; leaving Roanoke, returning at 12:30 noon, Monday, August 27, 1906. Train stops at Bedford, Montville and Blue Ridge. C. H. BOSELEY, District Passenger Agent.

THE RIGHT WAY TO BALTIMORE, PHILADELPHIA AND NEW YORK. The popular York River Line. Low rate excursion tickets on sale daily. Leave Richmond 4:30 P.M. every day. Phone No. 455.

THE STOCK MARKET OF THE WEEK

(From the New York Evening Post of Saturday.)

STOCK EXCHANGE TRANSACTIONS.

Shares	Last week.	Last year.	Two years ago.	Three years ago.
Railway and miscellaneous bonds.	7,031,389	3,789,000	5,000,000	3,000,000
Governments, bonds sold.	2,031,000	8,222,000	16,202,000	10,662,000
For the calendar year to date.	1,000	1,000	1,000	1,000
Shares	150,626,300	152,935,143	167,744,214	116,396,148
Holds	164,500,000	167,378,000	140,725,460	149,510,000

The following table shows the week's highest, lowest and closing prices, individual sales and net changes of all securities sold on the New York Stock Exchange this week. High and low prices are given for the full year 1906 and for 1905.

RAILWAY AND MISCELLANEOUS SHARES.

This week's highest, lowest and closing prices, individual sales and net changes of all securities sold on the New York Stock Exchange this week. High and low prices are given for the full year 1906 and for 1905.

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HARRIMAN COUP AND ITS MEANING

Some Reflections Upon Sensational Event of Week on Stock Market.

PROBLEMS OF THE FUTURE

Explanations Made by Directors and Criticism of Wall Street Traders.

NEW YORK, August 19.—The action of Union Pacific's directors, this week, in increasing the company's semi-annual dividend from 3 to 6 per cent, and the simultaneous declaration of an initial dividend of 2½ per cent. on Southern Pacific stock, are events such as are frequently remembered afterward, as landmarks in the finance of the day. Like the Reading management's "expansion of an extra dividend in 1897, the declaration of a "regular dividend" on Steel common in 1901, and the suspension of that same dividend in 1903, it is wholly probable that the Union Pacific directors' attitude is typical of other boards.

In some respects their action was not unexpected. In most quarters, not directly connected with the company, expectation seemed to be that Union Pacific would either increase its semi-annual rate from 3 to 3½ per cent., or else, while maintaining the regular 6 per cent. annual rate, would declare an extra dividend, which might be repeated on other similar occasions, as has been done by the Lackawanna. But what the Union Pacific actually did was expected by nobody but the irritated.

Some Singular Incidents.

Some curious accidents accompanied this declaration. The decision appears to have been made by the directors on Wednesday; it was followed by refusal, for two days, to say what the decision had been. For this policy no explanation has been offered, except that it is none of the public's business. Much more important, however, was the criticism at once offered in all conservative circles, that the very large increase in dividends, coupled with apparently official assertion that "the maintenance of these rates seems easily within the capacity of the company," marked a departure from the company's previous policy of conservative action.

At least five reasons have been assigned, some of them by the directors themselves, to explain this week's startling action. It is first ascribed to the natural increment of earnings, whose large increase warranted exactly this increase in the amount allotted to shareholders.

Earnings have certainly increased; this week's figures for the fiscal year 1906 give \$26,219,818 as the balance over dividends on the preferred stock, as against \$18,824,286 in 1905, and \$13,566,631 in 1904.

But a good part of this increase was due to exchanging of convertible bonds into stock. This cut down fixed charges heavily, but also raised outstanding common stock from \$108,700,000 in 1905 to \$120,000,000 in 1906, and from \$100,000,000 now. All this stock participation in the new dividends, therefore, notwithstanding the larger surplus available for common stock dividends, the ratio of such surplus to outstanding common stock, which was 11.6 per cent. in 1904, and 11.4 in 1905, has now risen only to 12.8.

Obviously, the match between this ratio in 1905 and the 4 per cent. dividend then actually paid is something very different from the margin between 12.8 and this week's dividend rate, even with the income from Southern Pacific added.

Other Theories.

A second explanation, very much heard nowadays in Wall Street, is that justice to shareholders demanded such an increase. The rather obvious comment on this statement is that if it is right to demand a dividend, why not a vote of confidence?

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The arguments of the attorneys were of decided interest to lawyers. At the close of the hearing, the court ruled that the defense of "domestication" was in dispute.

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